How Far Will Binance Fall?

By: www.ProfitableInvestingTips.com

Binance is the biggest crypto exchange by volume in the world. Whether or not Binance will remain in the lead position remains to be seen. Binance's token, BNB, did not amount to much until the start of 2021. Then it soared from $40 in January to $646 in May. Although it fell below $300 briefly in July, it peaked again at $649 in November when the whole crypto world saw its highest valuations ever. Then Binance fell like the rest into crypto winter but not so badly as Bitcoin. It plateaued in the $300 range until charges by the SEC have driven it down again to around $200. How far will Binance fall and is this perhaps an existential crisis for this particular crypto business?

Regulatory Pressures Drive Binance Down

The Securities and Exchange Commission has charged Binance.US and its parent company with a range of crimes related to securities laws and its BNB token is at a **year low**. The end result of the regulatory pressure is that Binance no longer has any US banking partners, banks that will help it its customers convert crypto to dollars. Likewise, payment service providers like Checkout.com are stepping away as well. Essentially all of these contacts with the world of traditional finance are concerned that they will end up being charged in some way as accessories if the SEC and now the Justice Department succeed in their efforts against Binance and its US affiliate Binance.US.

Is Binance a Victim of a Regulatory Turf Battle?

Binance's CEO has stated that his company has done nothing wrong. He says that Binance and its US affiliate are victims of a battle to redefine the rules that have worked just well, thank you, for crypto for years. The SEC, on the other hand, says that Binance has aided and abetted money laundering. They say that customers have been hurt or will be hurt by companies like Binance that do not follow standard procedures that apply to securities. Although there was talk of regulation for years, public support has grown due to the massive losses that investors incurred during **crypto winter**.

How Many Crypto Companies Have Gone Extinct?

In 2022 FTX was the biggest but not the only crypto business to fall into bankruptcy. Celsus Network, Three Arrows Capital, BlockFi, and Voyager Digital all preceded FTX in collapsing. Businesses fail. That is a fact of life. However, as folks sifted through the wreckage of the 2022 business failures they found miserable business practices, illegal promotion of these businesses, and out and out fraud. These are the things, as much as the monetary losses, that gave public support to renewed regulatory activity. In the case of Binance, they did not collapse during crypto winter. But they seem to have been engaging in activities that regulators and law enforcement are questioning. Although Binance lost a significant amount of its value due to crypto winter, their troubles now have to do with being seen as not playing by the rules.

Will Binance Survive the SEC?

Despite Binance's protests of innocence, it is a dangerous situation for the company. **Can Binance survive** if the SEC wins? Binance frames this fight as being about a few rules where they did not cross the t's and dot the i's. The SEC alleges that Binance endangered customer funds, facilitated wash trading, and moved customer funds without their consent, among other issues. It is one thing to be arguing about whether a token is a security, a commodity, or something else. It is another thing to break the law by promoting trading by US citizens on foreign platforms and also endangering their assets via illegal means. The bottom line includes two things. The rats-leaving-a-sinking-ship issue of Binance losing staff, business partners, and countries where it can operate is likely to continue. If the SEC and Justice Department win and Binance has to abide by a new set of rules it could result in Binance being a mere shadow of its former self in addition to somebody going to jail just like Sam Bankman-Fried with FTX.

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